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Viewing cable 05SANJOSE2930, PRESIDENTIAL CANDIDATE OTTON SOLIS RUNNING AGAINST

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Reference ID	Created	Released	Classification	Origin
05SANJOSE2930	2005-12-27 19:38	2011-08-30 01:44	CONFIDENTIAL	Embassy San Jose

Appears in these articles:

<http://www.nacion.com/2011-03-17/Investigacion/NotasSecundarias/Investigacion2712620.aspx>
<http://www.nacion.com/2011-03-17/Investigacion/NotasSecundarias/Investigacion2712631.aspx>
<http://www.nacion.com/2011-03-17/Investigacion/NotasSecundarias/Investigacion2712622.aspx>
<http://www.nacion.com/2011-03-17/Investigacion/NotasSecundarias/Investigacion2712633.aspx>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 SAN JOSE 002930

SIPDIS

E.O. 12958: DECL: 12/27/2015

TAGS: [PGOV](#) [PINR](#) [PREL](#) [ECON](#) [CS](#)

SUBJECT: PRESIDENTIAL CANDIDATE OTTON SOLIS RUNNING AGAINST
CAFTA-DR

Classified By: Charge Russell Frisbie for reasons 1.4(b) and (d)

Summary

1. (C) Presidential candidate Otton Solis told Ambassador that CAFTA-DR "would place Costa Rica in the hands of the multinationals." He said the treaty was one-sided, opening the Costa Rican market to U.S. industrial power, against which Costa Rica cannot hope to compete, and in return providing for Costa Rican exporters only "tiny things" in addition to what they already have under the Caribbean Basin Initiative (CBI). Ambassador said that in his view no country will benefit more from CAFTA-DR than will Costa Rica. Ambassador said that CAFTA-DR was intended to replace CBI, so Costa Rica should not count on CBI benefits in the future, nor is it realistic to hope, as Solis has urged, that CAFTA-DR can be renegotiated. End summary.

Election Campaign

2. (SBU) On December 13, Ambassador paid a courtesy call on Otton Solis, who is running behind Oscar Arias for president in the February 5 election. Solis founded the Citizens' Action Party (PAC) in 2000 and ran as PAC's candidate for president in 2002, coming in third place with a respectable 26 percent of the vote. While he is now in second place, the polls indicate he will probably receive fewer votes than last time. His platform calls for greater transparency, decentralization, and citizen involvement in government.

More concretely, he wants to preserve existing state monopolies, including in telecommunications and energy, and he is against CAFTA-DR. The meeting took place in Solis's home. Also present were his campaign chief Alberto Salom, his candidate for second vice president Marita Gonzalez, and retired diplomat and PAC supporter Alvar Antillon. Ambassador was accompanied by Polcouns.

13. (SBU) Solis said his campaign focuses on direct "citizen encounters" in town-hall-type meetings with an open-ended agenda. He does not give speeches, he said, but sits on a stool and discusses issues raised by voters. Solis said that voters most often bring up Nicaraguan immigration (most advocating that immigrants be kicked out), security, drugs, CAFTA-DR, and fiscal reform. Solis said that with regard to Nicaraguans, "My duty is to calm people down." He argued: (1) Nicaraguan immigration cannot be stopped, (2) Costa Rica benefits from Nicaraguan labor, (3) Costa Ricans hypocritically hire Nicaraguans and complain about them at the same time, (4) The "racist notion" that Nicaraguans are more prone to crime than Costa Ricans is demonstrably untrue; in fact, the opposite is true, and (5) While Nicaraguans remit USD 120 million from Costa Rica to Nicaragua, Costa Ricans remit USD 300 million from the United States to Costa Rica. Costa Rica is therefore a net winner in remittances. Solis did acknowledge, however, problems arising from the fact that many employers do not pay payroll taxes due on Nicaraguan employees. This gives Nicaraguans a competitive wage advantage and means that they do not contribute to the costs of public education, health care, and other government services that they nevertheless use.

Economy "not working"

14. (SBU) Solis said Costa Rica's model of development is failing. The economy is plagued by increasing unemployment, poverty, and income concentration, slow growth, an unfavorable trade balance, fiscal problems, and corruption. He said: "Costa Rica suffers from a mix of contradictory policies -- market-oriented policies for small businesses, and subsidies and tax exemptions for multinationals and other large enterprises." Farmers, he complained, are not protected from imports.

15. (SBU) CAFTA-DR, Solis believes, will make matters worse and in effect "would place Costa Rica in the hands of the multinationals." He sees the treaty as one-sided, opening Costa Rica's market to U.S. industrial power, against which Costa Rica cannot hope to compete, and in return providing for Costa Rica only "tiny things," e.g., slightly more access for textile products and sugar, in addition to what the country already enjoys under the Caribbean Basin Initiative (CBI). Solis said: "Our negotiators did not negotiate; they merely accepted everything the U.S. wanted." He said CAFTA-DR will have to be renegotiated.

16. (SBU) Ambassador responded that all the CAFTA-DR countries will benefit from the treaty, but none more than Costa Rica. He said that Costa Rica has already proved it can compete, and CAFTA-DR will open up many new opportunities. It was unwise, he said, to count on CBI benefits in the future because CAFTA-DR was intended to replace CBI. He said that passage of CAFTA-DR in the U.S. Congress was a very difficult process leaving "blood on the floor." Ambassador said it was unrealistic to hope that the U.S. would consider any renegotiation.

17. (SBU) With respect to ending CBI benefits, Solis said that he refused to believe that the United States was "an evil country that would punish us" for not approving CAFTA-DR. He said it was impossible to imagine such a thing because Costa Rica is a democratic, peaceful country that cares for its environment and has always been a friend to the United States. Costa Rica, he said, cannot be treated like Guatemala or Nicaragua. There would be tremendous tension in Costa Rica if the U.S. tried to hurt the country. Ambassador stressed that there was no intention to hurt Costa Rica, but to bring Costa Rica and the U.S. closer together through a mutually binding and mutually beneficial trade agreement supported by majorities in both countries.
Oscar Arias

18. (C) Solis warned that the election of Oscar Arias as president would be disastrous for the United States. First, he said, Arias hates the United States. Solis said that over the years Arias has learned that defying the U.S. wins applause at the UN. So Arias condemned the Reagan Administration's bombing of Libya. If reelected, Solis said, Arias plans to move the Costa Rican Embassy in Israel from Jerusalem to Tel Aviv, and he will continue to make anti-U.S. speeches at universities in exchange for honorary Ph.D. degrees. Second, according to Solis, the Arias campaign is "probably" financed by narcotraffickers. Solis claimed that six narcotraffickers were involved in Arias's 1986 campaign and that Arias is therefore careful not to condemn drug

trafficking. Third, Solis said, Arias is anti-democratic. Arias refuses to engage in dialogue with farmers, labor organizations, or students. Further, Solis said, Arias has debated the other candidates only twice and refuses a one-on-one debate with Solis, who is second in the polls. Solis said that he, contrary to Arias, loves and admires the United States (two of his brothers studied there), is the worst enemy of drug trafficking and corruption, and believes in dialogue and consensus, and thus is a true democrat.

Biographic Information

19. (U) Solis told Ambassador that he had not been involved in politics until 1986 when he was age 31 and Arias asked him to be his Minister of Planning. Solis said he resigned after 29 months because of his disgust with the Arias Administration. Solis was a National Liberation Party (PLN) member of the Legislative Assembly from 1994 to 1998 and planned to retire from politics at the end of his term. But then he decided to found PAC in 2000 and has been working for the party full time ever since.

Comment

110. (C) It is interesting that Solis has never said in public what he told us in private about Arias. While there are small elements of truth in some of Solis's comments about Arias, we do not believe that Arias hates the U.S., is in the hands of narcotraffickers, or is anti-democratic. The fact that Solis does not make such allegations against Arias in public probably indicates that Solis does not believe them either and does not want to look ridiculous or be sued for slander.

111. (C) Solis has staked out his position on CAFTA-DR and will not move. He does not want to appear anti-U.S. or anti-free trade, so he says that he wants a free trade agreement with the United States, but a different one. He also stresses that Costa Rica needs to negotiate agreements with the European Union, Japan, and Mercosur.

112. (C) Solis and his party's campaign appears to be foundering, but, because the ruling Social Christian Unity Party (PUSC) has collapsed, PAC will likely end up as the second force in the Legislative Assembly with Solis as the party boss. Solis is therefore a power to be reckoned with and can be expected to oppose a future President Arias's free-market-oriented reforms at every turn.
LANGDALE